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GAIN Report

Global Agricultural Information Network

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Approved By:

Thom Wright

Prepared By:

Santosh Kumar Singh, Ritambhara Singh

Report Highlights:

Food Inflation at 11-week high at 9.13 percent, *NAC clears Food Security Bill draft*, *Wheat and Rice Export Ban to continue: Thomas*, *Biotech sector grew at 21.5 percent in 2010/11*, *India willing to lower duty on wines imported from the European Union*, *India allows export of an additional five hundred thousand tons of sugar*, *Rainfall below normal in India so far, no fears of drought though*.

General Information:

FOOD INFLATION AT 11-WEEK HIGH AT 9.13 PERCENT

Food inflation rose to a 11 week high at 9.13 percent for the week ending June 11 on rising prices of egg, meat, fish and milk. Food inflation in the previous week was estimated at 8.96 percent. Finance Minister Pranab Mukherjee expressed concern that India is in the high inflationary regime, which will have to be brought down. Analyst say that the recent projection of below-than-normal monsoon rains could lead to further surge in food prices. (Source: [Indian Express](#), 06/24/11)

NAC CLEARS FOOD SECURITY BILL DRAFT

On June 22, 2011, the National Advisory Council (NAC), headed by Ms. Sonia Gandhi, finalized an expansive National Food Security Bill that aims to grant every person the right of access to sufficient food. Not relenting to the position that the Prime Minister-appointed expert panel had taken against their draft that could lead to surge in the government subsidy spending, the NAC finalized the draft along their original framework. The NAC draft bill requires the government to cover 90 percent of the rural population and 50 percent of the urban population, who will be legally entitled to subsidized food grains. [*Post Comments*: Reports suggest that the implementation of the proposed program will raise the food grain requirement for the public distribution system to 63.6 million tons annually needing a total subsidy of Rs. 800 billion (\$ 18 billion), up from the 2010/11 food subsidy bill of Rs. 560 billion (\$12.6 billion).] (Source: [Indian Express](#), 06/23/11)

WHEAT AND RICE EXPORT BAN TO CONTINUE: THOMAS

The Ministry of Food has ruled out India allowing exports of rice and wheat as they need to feed their own people. Food Minister K.V. Thomas said that the government may need up to 70 million tons of rice and wheat to supply at subsidized rates to its people after the parliament approves the proposed National Food Security Bill, more than 10 million tons higher than the current level of government food supplies through Public Distribution System and various other welfare programs. Although the government food grain reserves totaled 65.6 million tons on June 1, 2011, Minister Thomas said that the government needs to be prepared for years when India may have a shortfall in production. (Source: [Financial Express](#), 06/18/11)

BIOTECH SECTOR GREW AT 21.5 PERCENT IN 2010/11

The annual survey conducted by BioSpectrum and the Association of Biotech Enabled Enterprises (ABLE) revealed that India's biotechnology sector grew by 21.5 percent in fiscal year 2010/11 (April/March) to cross the \$ 4 billion mark.

BioPharma had the leading share with two-fifths of the total revenue, while the BioAgric sector achieved the fastest growth with a revenue share of 13.5 percent. (Source: [Financial Express](#), 06/18/11)

INDIA WILLING TO LOWER DUTY ON WINES IMPORTED FROM THE EUROPEAN UNION

Imported liquor from the European is likely to get cheaper, as the Indian government is willing to lower import duty on alcohol from the European Union in return for easier visa norms and greater market access to Indian products there. India and the European Union (EU) are in the final leg of talks for a free trade agreement. While India is seeking enhanced market access for its textiles and farm products and more openings for its professionals, the EU wants import duties on its wines and spirits lowered in India, a sticky issue for many years. In 2007, the EU successfully used the World Trade Organization (WTO) platform to force India to slash duties on wines and spirits to 150%, from 177% - 550%. (Source: [The Economic Times](#), 06/23/2011)

INDIA ALLOWS EXPORT OF AN ADDITIONAL FIVE HUNDRED THOUSAND TONS OF SUGAR

The Empowered Group of Ministers (EGoM) has approved the additional export of five hundred thousand tons of sugar,

under the Open General License. There is a case for increased sugar exports, as domestic production is high and global prices are firm. Sugar production in India, the world's second largest producer and biggest consumer, is estimated at 24.2 million tons in the 2010-11 season (October-September), as against 18.8 million tons in the previous season. (Source: [The Hindu](#), 06/23/2011)

RAINFALL BELOW NORMAL IN INDIA SO FAR, NO FEARS OF DROUGHT THOUGH

The Indian Meteorological Department (IMD) has revised its initial forecast of monsoon. The IMD has said that monsoon would be 95 percent — down from its April forecast of 98 percent. Falls between 96-104 percent are considered normal. However, the IMD chief Mr. Ashok Tyagi has said, “our prediction model puts the chances of a drought at 19 percent. Statistically, this means there is less probability of a drought.” The rains are crucial as two-thirds of Indians depend on farm income and 60 percent of crops do not have assured irrigation. Though the government's granaries are full, India will need to procure 10 million tons of additional grains if the food security bill is implemented this year. (Source: [Hindustan Times](#), 06/22/2011)

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